

F. General

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CO-ORDINATING COMMITTEE

ITEM 1305 : ROLLING MILLS

Memorandum by the United Kingdom Delegation

As the Committee will be aware, at the conclusion of the 1958 Review the United Kingdom reserved the right to raise again the question of deleting the embargo on Rolling Mills (International List Item 1305) in advance of the 1959 Annual Review of International List I (see the corrigendum of September 22, 1958 to COCOM Document 3010.00/6 of September 10).

2. Since 1954 the United Kingdom have consistently advocated in the Committee that the embargo on rolling mills went too wide and could no longer be justified on strategic grounds. The United Kingdom delegation therefore propose that Item 1305 should be deleted from the International List.

3. The present embargo definition for rolling mills is -

"Metal rolling mills, as follows:-

- (a) Having the work rolls supported by multiple back-up rolls or bearings;
- (b) Having multiple work rolls rotating in a planetary form around the back-up rolls;
- (c) Continuous cold sheet and strip mills of more than 3 high".

The continuation of embargo on these mills could only be justified if one of the agreed criteria for embargo were met. It is therefore appropriate to consider the embargo on rolling mills by reference to these criteria.

4. To establish a case for embargo under criterion (a) it must be shown that the mills in question are designed specially or in peacetime used principally for the production of arms, ammunition or implements of war. No rolling mills are designed specially for military production. The output of embargoed classes of mill is overwhelmingly civilian in the Free World, and intelligence information about the Bloc's output of rolled product indicates that the same is true there. No case for embargo therefore arises under this head.

5. To establish a case for embargo under criterion (b) it must be shown that the mills in question incorporate unique technological know-how, the acquisition of which by the Bloc may reasonably be expected to give significant direct assistance to the development and production in peacetime of modern arms, ammunition or implements of war, or of their means of utilisation or delivery, or of counter measures to them. No such unique how-how is, however, involved in the case of rolling mills. There is no technological barrier which the Bloc must overcome before it can roll the

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materials required for weapons etc. Intelligence reports indicate that existing rolling mills in the Soviet Union are technically capable of making any of the rolled products it requires for its military programme. It may, of course, be arguable that the Free World possesses techniques in manufacturing rolled products which provide production economies or improve output efficiency to an extent not so far achieved in the Bloc; but even assuming this to be so, it would provide no grounds for continuing the embargo on rolling mills, since acquisition of such techniques would render no significant direct assistance to the Bloc's development and production of weapons etc. No case for embargo therefore arises under this head.

6. Although in strictness criterion (c) can apply only to "materials" and therefore not to plant such as rolling mills, it would not be unreasonable to argue that a case for continuing the embargo on rolling mills might exist if it could be shown that the Bloc suffers from a deficiency of rolled product which may reasonably be expected to be critical to the production in peacetime of weapons etc., which it could not overcome within a reasonable period. However, the Bloc already possesses the capacity to manufacture as much rolled product as is conceivably required for its military programme. (For example, a single Sendzimir-type mill is capable of producing many times the total requirement of stainless steel for the Soviet missile programme. It is known that several such mills of Soviet manufacture are operating in the U.S.S.R.). Even, therefore, if criterion (c) is deemed to be applicable to the case of rolling mills, it provides no grounds for continuing the embargo.

7. Once it is agreed that rolling mills meet none of the criteria for embargo, it would go beyond the Committee's terms of reference to seek to retain the embargo for any other reasons. It may, however, be pertinent briefly to consider whether there might not exist some compelling reason, outside the criteria but related to the agreed purposes of the embargo, why controls over exports of rolling mills should be retained in the interests of the security of the Free World. For this purpose each class of embargoed mill can be considered separately.

Type (a). Having the work rolls supported by multiple back-up rolls or bearings.

This type of mill is particularly suitable for thin rolling of relatively hard alloy steel strip. Such strip is widely used in the manufacture of consumer goods such as safety razor blades, cutlery and kitchen equipment. As previously noted, the Bloc already possesses mills of this type, although the level of production efficiency may conceivably not for the moment be so high as in the Free World. But even if the Bloc had no mills of this type it would still be technically possible for it to use other, non-embargoed, types of plant to make the rolled product required for strategic uses.

Type (b). Having multiple work rolls rotating in a planetary form around back-up rolls.

Apart from production efficiency and compactness, these mills have no significant distinguishing features compared with non-embargoed types. They are used for relatively small scale production of hot-rolled strip. All other types of rolling mills for the production of hot strip, including large modern continuous high-output types, are free from embargo.

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/Type (c).

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Type (c). Continuous cold sheet and strip mills of more than 3 high.

This type comprises most of the larger and more up-to-date cold reduction mills which are basic to a wide range of manufacturing industry. Such mills are used in the manufacture of ferrous, non-ferrous and light alloy strip, the overwhelming preponderance of which goes into consumer goods (e.g. cars, saucepans, etc. and food containers). It may be that the Bloc, despite the very striking development in its rolling capacity since the war, still suffers from a shortage of the cold rolled product required for industries manufacturing consumer goods. But there is no specifically strategic importance about any such shortage, since the Bloc's existing capacity has long been sufficient to meet many times over any conceivable military requirement.

8. The United Kingdom delegation are satisfied that both by reference to the strategic criteria, and also on the intrinsic merits of the different embargo types, there are no grounds for continuing to control exports of rolling mills to the Bloc and therefore recommend that Item 1305 should be deleted.

9. The United Kingdom Delegation would be grateful for at least the preliminary views of member delegations on this proposal prior to the August recess.

United Kingdom Delegation,
Paris.
July 3, 1959

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